

LEND-LEASE SETTLEMENT

*Exchange of notes at Washington February 27, 1948, implementing
agreement of May 28, 1946*

Entered into force February 27, 1948

62 Stat. 3826; Treaties and Other
International Acts Series 1930

The Secretary of State to the French Ambassador

DEPARTMENT OF STATE
WASHINGTON
February 27, 1948

EXCELLENCY:

I have the honor to refer to the recent conversations between representatives of the Government of the United States of America and representatives of the Government of the French Republic, regarding expenditures of the United States Armed Forces in France and French overseas territories, and to state that the Government of the United States of America is prepared to give effect to an agreement in the following terms:

1. Reference is made to the "Declaration made in Paris by the President of the Provisional Government of the French Republic and in Washington by the President of the United States on May 28, 1946",¹ which stated that representatives of the respective governments had met together in Washington and had discussed important economic and financial problems of common interest, among which was the settlement of lend-lease, reciprocal aid and other accounts.

2. By a "Memorandum of Understanding dated May 28, 1946,"² between the Government of the United States of America and the Provisional Government of the French Republic Regarding Settlement for Lend-Lease, Reciprocal Aid, Surplus Property, and Claims", arrangements and procedures for the settlement of past and future troop pay and procurement of United States Armed Forces in France and French overseas territories were agreed upon. These arrangements were incorporated in a "Joint United

¹ TIAS 1928, *ante*, p. 1162.

² TIAS 1928, *ante*, p. 1124.

States-French Report of the Troop Pay and United States Armed Forces Procurement Sub-Committee",³ and a "Memorandum of Agreement Between the Government of the United States and the Provisional Government of the French Republic Regarding Expenditures of the United States Armed Forces in French Territory".⁴

3. The aforementioned report contained an estimate with respect to obligations of the United States Armed Forces for procurement through the French authorities (AFA) from September 2, 1945 through December 25, 1945 in the amount of \$100 million. In addition, the report contained an estimate of United States Army procurement in France from December 26, 1945 through March 31, 1946 in the amount of \$20 million.

4. By the "Memorandum of Agreement Between the Government of the United States of America and the Provisional Government of the French Republic Regarding Expenditures of United States Armed Forces in France and French Overseas Territories", it was agreed that goods and services procured by the United States Armed Forces before the termination of reciprocal aid, when ineligible, and after the termination of reciprocal aid, would be paid for on the basis of the French authorities' presentation of appropriate documents in a form acceptable to the United States Armed Forces as has been, or may be, agreed upon between the United States Armed Forces and the French authorities.

5. In accordance with the arrangements made on May 28, 1946, appropriate vouchers and certifications by the French Government, acceptable to the United States, have been presented for payment by the United States Armed Forces. These vouchers, upon which payment has already been made, are summarized as follows:

<i>Date Voucher Presented</i>	<i>French Voucher</i>	<i>Date Paid</i>	<i>Payment by USAF</i>
October 17, 1946	\$ 20,567	October 30, 1946	\$ 20,567
May 29, 1946	81,910,500	January 23, 1947	81,910,500
March 17, 1947	18,056,625	April 30, 1947	18,056,625
March 17, 1947	19,973,250	April 30, 1947	19,973,250
	<hr/> \$119,960,942		<hr/> \$119,960,942

6. In accordance with an exchange of letters in October 1947 between Major General C. B. Magruder, United States Army, and Mr. Robert Schuman, French Minister of Finance, the French authorities presented, on January 31, 1948, to the Department of the Army, a recapitulation of all claims for goods and services procured for or by the United States Armed Forces before the termination of reciprocal aid, when ineligible, as well as for the period September 2, 1945 through December 31, 1946, totaling \$241,191,887. Of this amount, it is recognized that \$2,889,616 covers procurement effected subsequent to December 31, 1946. This latter amount is outside

³ TIAS 1928, *ante*, p. 1146.

⁴ TIAS 1928, *ante*, p. 1153.

the purview of this agreement and will be settled in accordance with paragraph eight below. Review of this recapitulation presented by the French Government of the total of the claims for the period September 2, 1945 through December 25, 1945, and for the period December 26, 1945 through March 31, 1946, indicates that the amounts of \$100,000,000 and \$20,000,000 set forth in the aforementioned Report were underestimated. It has been agreed between the United States Government and the French Government that the provisions of the aforementioned Report and the aforementioned Memorandum of Agreement should be amended to take account of these considerations.

7. After considering all claims presented by the French Government against the United States Armed Forces and all claims presented by the United States Armed Forces against the French Government, and after examining the amounts originally estimated as payable by the United States Armed Forces to the French Government for procurements of goods, services and facilities by them or on their behalf, following the reciprocal aid period through December 31, 1946, and the amounts finally claimed on both sides, it is agreed between the United States Government and the French Government that the following provisions covering goods, services and facilities furnished the United States Armed Forces will supersede the arrangements and procedures established on May 28, 1946, in so far as they are inconsistent therewith:

A. It is agreed that a payment of \$87,000,000 will be made by the United States Army on behalf of the United States Armed Forces to the French Government for obligations during the period prior to September 2, 1945, when ineligible for reciprocal aid, and for the period September 2, 1945 through December 31, 1946. The French Government agrees that this payment by the United States Armed Forces, together with any and all other amounts already paid by such Forces to the French Government, is in full, complete and final settlement for obligations during the above-mentioned periods. In this respect it is recognized that the United States Army is discharging other United States Government agencies' obligations included in the claims presented by the French Government on January 31, 1948, it being understood, however, that claims against United States Government agencies, other than the United States Armed Forces not included in the above-mentioned claims, are not covered by this agreement.

B. The United States Government agrees to pay forthwith to the French Government the amounts stated in paragraph A above in payment of the aforementioned obligations. To the extent that the United States Department of the Army holds French francs in its official accounts, such French francs may be used in settlement of the aforementioned obligations at their dollar value at the time of their purchase.

C. The French Government agrees to pay to the United States Armed Forces upon the execution of this settlement, the sum of \$1,452,312.86, covering certain transfers to France by the United States Army after March 1, 1946 (\$142,586.00), V-Mail paper provided to France (\$500,000.00), the printing of certain Allied military currencies (\$559,726.86) and an amount estimated to be sufficient to cover certain transfers to the French Government by the United States Navy (\$250,000). The last amount is subject to adjustment upon determination of the applicable French Government liability not otherwise provided for.

D. Except as otherwise expressly provided in the within agreement, the French Government hereby acquits, and forever waives any and all claims against the United States Armed Forces or the United States Government,

- i. Which have arisen or will arise against the United States Armed Forces as a result of or incident to its operations in France or French overseas territories, and procurement by the United States Armed Forces of supplies, services, utilities, facilities, goods and properties from or through the French Government, its nationals, or others in Continental France and in French overseas territories, prior to September 2, 1945, when ineligible for reciprocal aid, and during the period September 2, 1945 through December 31, 1946. The payment by the United States Armed Forces to the French Government of the final amount stated in paragraph A above will discharge the United States Armed Forces of any and all liabilities pertaining thereto which have arisen or will arise in any place.
- ii. Which have arisen or will arise out of completed, delivered, or cancelled portions of all contracts entered into prior to January 1, 1947 in connection with the procurement referred to in the foregoing paragraph by representatives of the United States Armed Forces with French Government agencies, nationals, or others owning property, rendering services or residing in France or French overseas territories.

8. The United States Armed Forces agree to continue to reimburse the French Government for the procurement of goods, services and facilities obtained through the French Government in France and in French overseas territories subsequent to December 31, 1946 on the basis of the French authorities' presentation of appropriate documents in a form acceptable to the United States Armed Forces as has been, or may be, agreed upon between the United States Armed Forces and the French authorities.

9. Except as otherwise specifically provided in the within agreement, the United States Government hereby acquits and forever waives any and all claims against the French Government for supplies, services, utilities, facilities, goods and properties provided to the French Government or its overseas territories by the United States Armed Forces wherever they may

be from March 2, 1946 through December 31, 1946. The United States Government will discharge the French Government of any and all liabilities pertaining thereto which have arisen or will arise in any place for this period.

10. It is understood and agreed that claims arising out of acts or omissions in France or French overseas territories, of members of the United States Armed Forces or civilian personnel attached to such Forces, are not settled within the terms of this agreement and shall be regulated under such terms as already have been agreed upon between the United States Government and the French Government in the "United States-French War Settlement Committee Agreed Combined Statement with Respect to Claims" of May 28, 1946.⁵ Conversely, it is recognized that similar claims of the United States against France arising out of acts or omissions of French nationals in France or French overseas territories are not settled within the terms of this agreement.

11. Other agreements between the United States and France, except in so far as they are not consistent with the terms of the within agreement, shall remain in full force and effect.

The Government of the United States of America will consider this agreement, in the terms outlined above, to be in effect on the date of your reply note indicating that the terms of the agreement are in accord with the understanding of your Government and that your Government approves of those terms.

Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

WILLARD L. THORP

His Excellency

HENRI BONNET,

Ambassador of the French Republic.

The French Ambassador to the Secretary of State

AMBASSADE DE FRANCE
AUX ETATS-UNIS

WASHINGTON, *February 27, 1948*

MR. SECRETARY:

I am pleased to confirm that the terms of your note of February 27, 1948, regarding expenditures of the United States Armed Forces in France and French Overseas Territories, are in accordance with the understanding of

⁵ TIAS 1928, *ante*, p. 1134.

my Government and that my Government approves those terms and considers them to be in effect from and after this date./.

Accept, Mr. Secretary, the renewed assurances of my highest consideration.

For the Ambassador

ARMAND BÉRARD [SEAL]

The Hon. GEORGE C. MARSHALL

Secretary of State

Washington, D.C.